

Alibaba Group, MegaFon, Mail.ru Group and RDIF Close Joint Venture Deal

Moscow, October 9, 2019 – Alibaba Group (NYSE: BABA), a global digital commerce company, MegaFon, a pan-Russian operator of digital services, Mail.ru Group (MAIL), the leading internet and IT company in Russia, and the Russian Direct Investment Fund (RDIF), Russia's sovereign wealth fund, announce the completion of the joint venture transaction to integrate Russia's key consumer internet and e-commerce platforms and launch of a leading social commerce joint venture in Russia and the CIS, which will operate in compliance with local data protection regulations.

AliExpress Russia JV (AER JV) is majority owned by Russian shareholders with a Board of Directors comprised of representation from RDIF, Alibaba Group, MegaFon and Mail.ru Group. Boris Dobrodeev will be the Chairman of AliExpress Russia JV Board of Directors. The parties have appointed two Co-CEOs – AliExpress Russia Head Liu Wei and First Deputy Chief Executive Officer of Mail.ru Group Dmitry Sergeev.

The AliExpress Russia JV offers unmatched value proposition for merchants, consumers and internet users across Russia and the CIS. It will accelerate the development of Russia and the region's growing digital economy by leveraging and integrating the strength and expertise of the new shareholder group. As part of the shareholder collaboration, the AliExpress Russia JV and Mail.ru Group entered into a strategic cooperation agreement relating to, among other things, user traffic and product initiatives. The AliExpress Russia JV will be featured on Mail.ru Group's platforms through exclusive product integration and marketing solutions.

Daniel Zhang, Executive Chairman and CEO of Alibaba Group, commented: "Alibaba remains focused on fulfilling our mission "to make it easy to do business anywhere". The AliExpress Russia JV is an important part of Alibaba's globalization strategy, and a key step toward our long-term goal to help 10 million small businesses reach profitability and serve 2 billion customers worldwide. Together with Mail.ru Group, RDIF and MegaFon, we are committed to accelerating development of the digital consumer economy of Russia and CIS countries by enabling regional brands and SMEs to reach and serve their target consumers through our unique and innovative shopping experience."

Gevork Vermishyan, CEO of MegaFon, commented: "A new player in the international e-commerce market combines the best practices of the largest companies in Russia and China. This will allow MegaFon and its partners to offer users new services that take into account all the wishes and aspirations of our customers. The deal is fully consistent with our company's digital strategy - to develop an ecosystem of convenient online services that creates new opportunities for more than 77 million MegaFon customers."

Boris Dobrodeev, CEO of Mail.ru Group (Russia), commented: "Building the unmatched user services of e-commerce in Russia is only possible with very strong partners. Partnerships are pivotal to Mail.ru Group's strategy and fundamental to our success. Together with Alibaba Group, MegaFon and RDIF we are aiming to build an undisputed leader in Russian e-commerce and I'm convinced we will succeed. We worked on this joint venture during the last year and it is legally completed at last. Congratulations to all involved in the successful realization of the deal."

Kirill Dmitriev, CEO of the Russian Direct Investment Fund (RDIF), said: "We are happy to announce the completion of our first joint investment with Alibaba and Russian tech leaders. It's a mutually beneficial investment for both producers and consumers also transforming the Russian e-commerce market. The partnership already provides access to e-commerce

services for more than 50% of Russian population, and Russian suppliers have the opportunity to reach 1.5 billion customers in China and globally. RDIF is looking forward to new joint investments and opportunities in other projects.”

As announced on June 5 each shareholder has made its respective contributions to the AliExpress Russia JV which include the following:

- **Alibaba Group** has invested \$100 million and contributed AliExpress Russia into the joint venture.
- **MegaFon** has sold its 9.97% economic stake in Mail.ru Group to Alibaba Group in exchange for a 24.3% stake in the AliExpress Russia JV.
- **Mail.ru Group** has contributed its Pandao e-commerce business and cash investments of \$182 million (with \$100 million contribution at closing and the rest of the amount will be contributed within the next 12 months. Initial contribution by Mail.ru Group is funded by debt) in exchange for a 15.0% stake in the AliExpress Russia JV.
- **RDIF** has invested \$100 million into the AliExpress Russia JV and may further acquire additional shares of the joint venture from Alibaba Group for \$194 million.

Details of the economic and voting interests of all shareholders in the AliExpress Russia JV are illustrated below:

	At Closing ⁽¹⁾		With RDIF \$194 million Call Option Exercised ⁽²⁾	
	Economic Rights	Voting Rights	Economic Rights	Voting Rights
Alibaba Group	55.7%	49.9%	47.8%	47.6%
MegaFon	24.3%	30.2%	24.3%	26.4%
Mail.ru Group	15.0%	18.7%	15.0%	16.3%
RDIF	5.0%	1.2%	12.9%	9.6%
Total	100.0%	100.0%	100.0%	100.0%

- Note (1): Assuming RDIF's exercise of its option to acquire 1.0% of the AliExpress Russia JV ordinary shares from Alibaba.
- Note (2): In addition, RDIF has entered into an option agreement to purchase up to 4.0% of the AliExpress Russia JV common equity from MegaFon.

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Alibaba Group's mission is to make it easy to do business anywhere in the digital era. The company aims to build the future infrastructure of commerce. It envisions that its customers will meet, work and live at Alibaba, and that it will be a company that lasts at least 102 years. Launched in 2010, AliExpress (www.aliexpress.com) is a global retail marketplace that enables consumers from around the world to buy directly from manufacturers and distributors primarily in China and is dedicated to becoming a platform for worldwide merchants to sell locally and globally. AliExpress operates in multiple local languages including English, Russian, Portuguese, Spanish and French.

MegaFon is a pan-Russian operator of digital services and a three-time winner of the Ookla award for the “Fastest Mobile Communication Network in Russia”. Megafon has built the largest LTE/4G network in Russia with more than 100,000 base stations in 83 regions of the country. The company's services are used by 77.6 million customers.

Mail.ru Group (MAIL, listed since November 5, 2010) is the largest internet business in Russia in terms of total daily audience (Mediascope Web Index Desktop+Mobile, Russia, population aged 12-64 in the cities 100,000+, May 2019). Mail.ru Group is developing the leading domestic internet communications and entertainment platform. The company owns Russia's two largest Russian language social networks, VKontakte (VK) and Odnoklassniki (OK), leading email service, one of Russia's largest internet portals (Mail.ru), and three instant messaging services. Mail.ru Group's gaming portfolio under MY.GAMES brand includes Russia's largest MMO games and global mobile games. In 2019, Mail.ru Group Tech Lab was launched with a primary focus on technology and innovation development. Mail.ru Group is a shareholder of AliExpress Russia JV along with Alibaba Group, MegaFon and Russian Direct Investment Fund. The company partners with Sberbank to jointly develop O2O service platform targeting food delivery and taxi markets.

Russian Direct Investment Fund (RDIF) is Russia's sovereign wealth fund established in 2011 to make equity co-investments, primarily in Russia, alongside reputable international financial and strategic investors. RDIF acts as a catalyst for direct investment in the Russian economy. RDIF's management company is based in Moscow. Currently, RDIF has experience of the successful joint implementation of more than 70 projects with foreign partners totalling more than RUB1.5 tn and covering 95% of the regions of the Russian Federation. RDIF portfolio companies employ more than 800,000 people and generate revenues which equate to more than 6% of Russia's GDP. RDIF established joint strategic partnerships with leading international co-investors from more than 15 countries that total more than \$40 bn. Further information can be found at www.rdif.ru.

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